

July 2011

Highlights

Internal Audit Report to the
Board of Supervisors

Why We Did This Review

In FY 2010, HSD received \$53.5 million in federal and state grants, including \$9.4 million in American Recovery and Reinvestment Act (ARRA) economic stimulus grants.

Due to the high grant revenues, our review was focused largely on grant reimbursements and related contracts and agreements.

We conducted this review in accordance with the FY 2011 Board of Supervisors approved audit plan.

What We Recommended

We recommend HSD ensure that:

- Grant reimbursement requests (drawdowns) are submitted as frequently as permitted by the grant agreement, but no less frequently than monthly or when expenditures reach \$100,000
- Journal vouchers are completed timely
- Grant awards are formally accepted by the Board prior to funding being received or expended
- Contractor eligibility is verified prior to entering into a legal agreement/financial transaction



For more information, please contact
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Human Services Department (HSD)

Grant Reimbursements are Timely; Contract Administration Could be Improved

What We Found

HSD is funded predominantly by reimbursement grants, which require that expenditures be made prior to the receipt of grant funds. The General Fund covers the expenditures prior to reimbursement.

Our primary objectives were to determine the timeliness of grant reimbursement requests and compliance with related contracts. Our findings are summarized below.

| Summary of Audit Results | |
|---|---|
| Grant Reimbursements (Cash Drawdowns) | Requests for reimbursement of eligible grant expenditures were generally timely However, opportunity for improvement was noted. We identified \$305,687 in expenditures that were not submitted for reimbursement within one month. |
| Contracts and Agreements | Board approval of grant awards was not always obtained prior to funds being received or expended We identified \$447,919 in transactions prior to Board approval. |
| Contractor Eligibility Reviews | Contractor eligibility was not always determined prior to entering into agreements with recipients of grant funds We identified four instances where reviews were not performed in advance. No ineligible contractors were noted. |
| Information Technology | IT Controls Appeared Satisfactory We determined that IT controls generally followed COBIT, an international, generally accepted IT control framework. |

We appreciate the excellent cooperation received from HSD management and staff while conducting this audit.

"Do the Right Things Right!"

Maricopa County Internal Audit Department